

Potential and Challenges of Agribusiness in Laos

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Potential and Challenges of **Agri-business** in Laos

Outline of presentation

- Agricultural **Policy** of Lao PDR
- Potential and Challenges of **Agriculture**
- Potential and Challenges of **Agri-business**

Agricultural **Policy** of Lao PDR

- Policy directions

- Assurance of **Food Security**

- Rice production > Domestic demand

- but significant regional imbalance

- Increasing demand for other basic food

- Contribution to **national economy**

- Agriculture production for commercial purpose**
and **inputs to processing industries and services**

Potential and Challenges of **Agriculture** in Laos

- **General impression** of Laos and its agriculture

Laos is: a small country
 an agricultural country
 a rice producing country

Laos has: hilly and mountainous national land
 small population

Laos' agriculture uses:
 limited inputs
 limited improved varieties

What are TRUE and what are NOT TRUE?

What does it mean? Is it good or bad?



Potential and Challenges of Agriculture in Laos

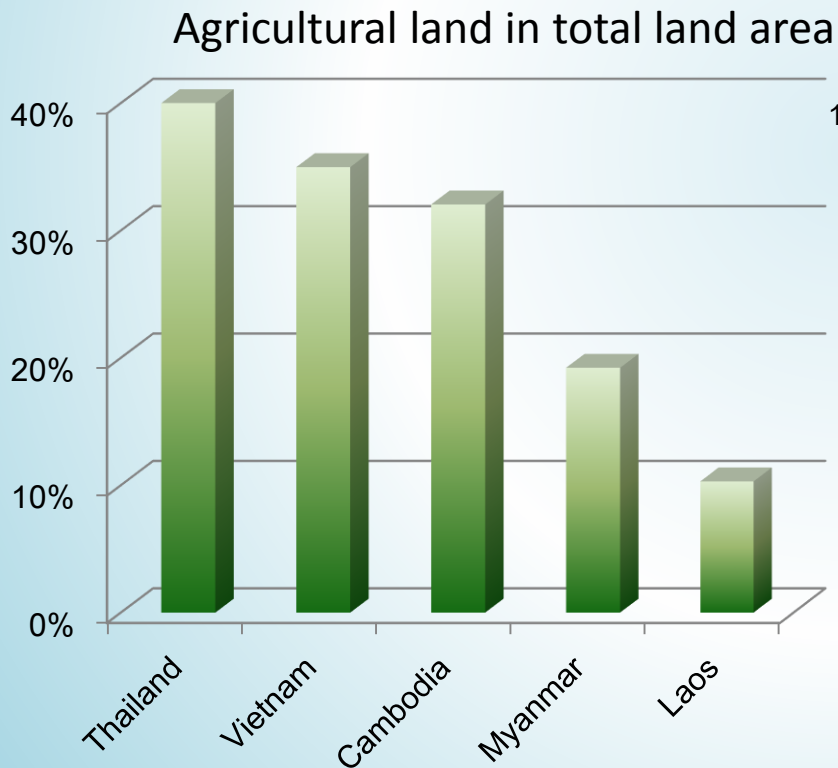
- Laos is **a small country** with **small population**

Country/Province	Population (million)	GDP (billion USD)	GDP per Capita (USD)
Lao PDR	6.4	9	1,446
Thailand	64.4	366	5,678
Vietnam	90.4	138	1,528
Yunnan Prov. (China)	45.1	163	3,501
Myanmar	63.7	53	835
ASEAN	615.6	2,306	3,745

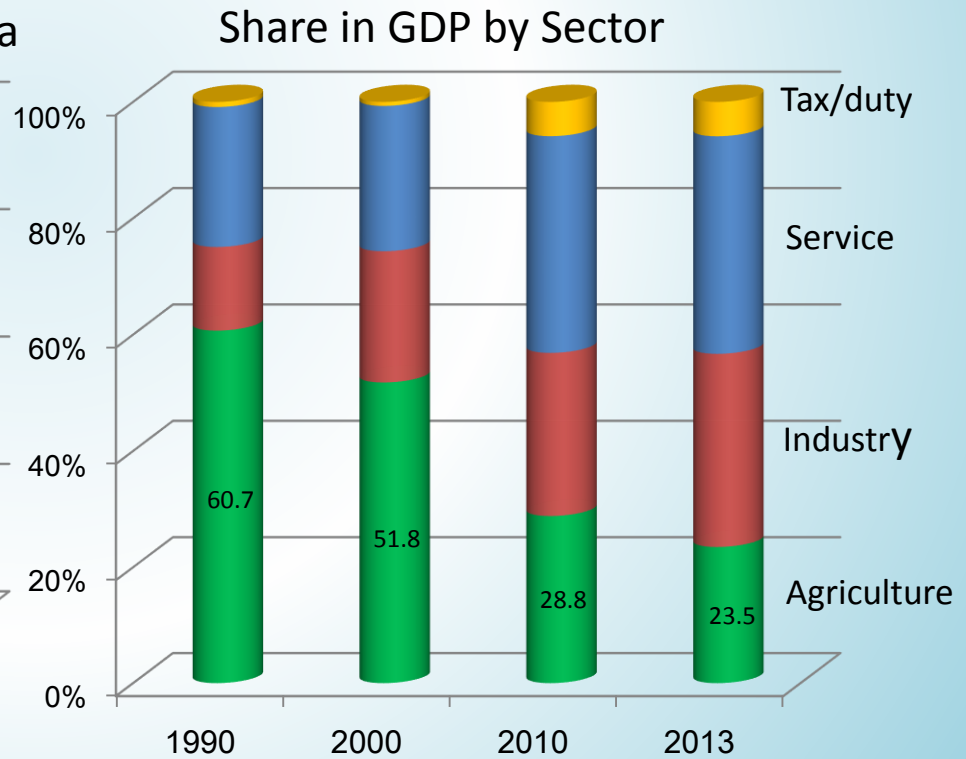
Sources: IMF, Japan MOFA

Potential and Challenges of Agriculture in Laos

- **Agricultural land is limited** and agriculture has **a small share in GDP**



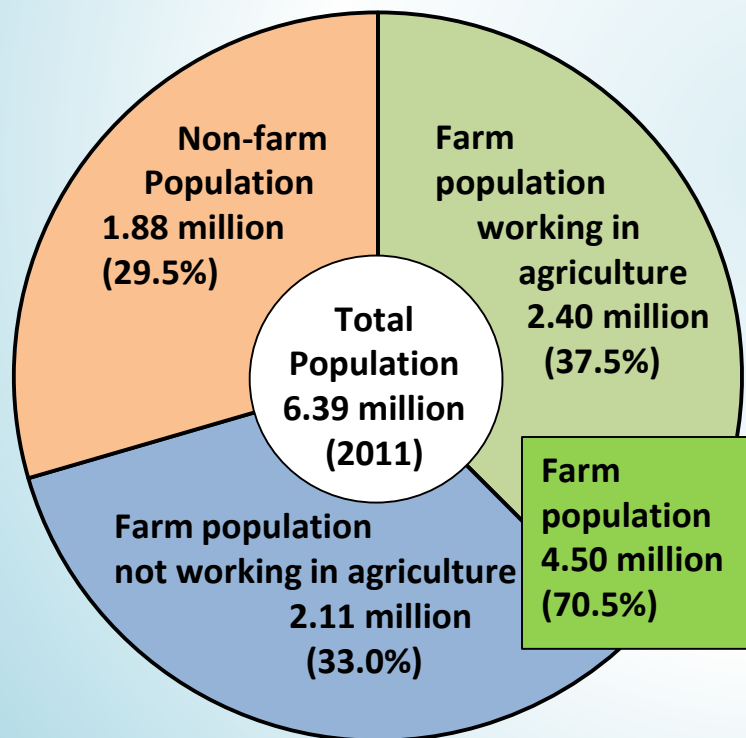
Source: FAOSTAT



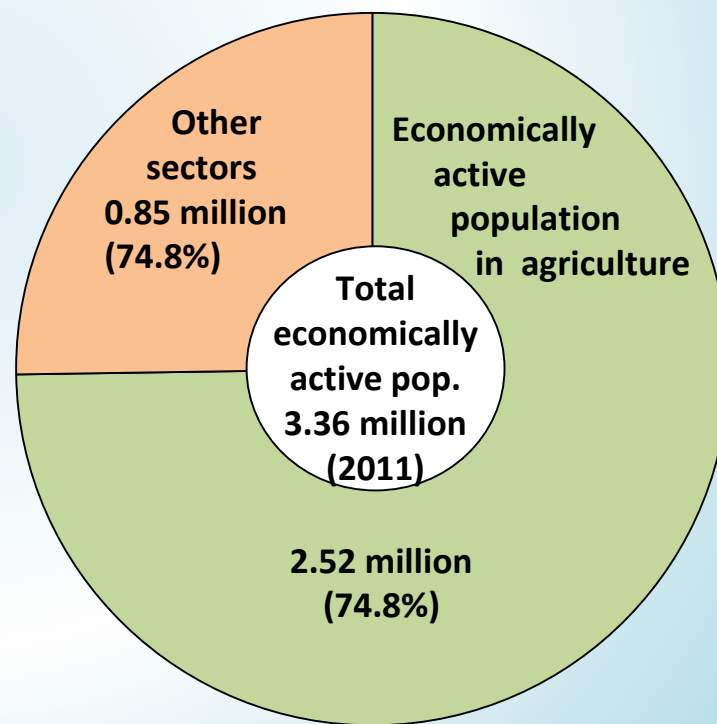
Source: Laos' LSB

Potential and Challenges of Agriculture in Laos

- Still a large part of population live in rural area and work in agriculture



Sources: Laos LSB, MAF



Source: FAOSTAT

Potential and Challenges of Agriculture in Laos

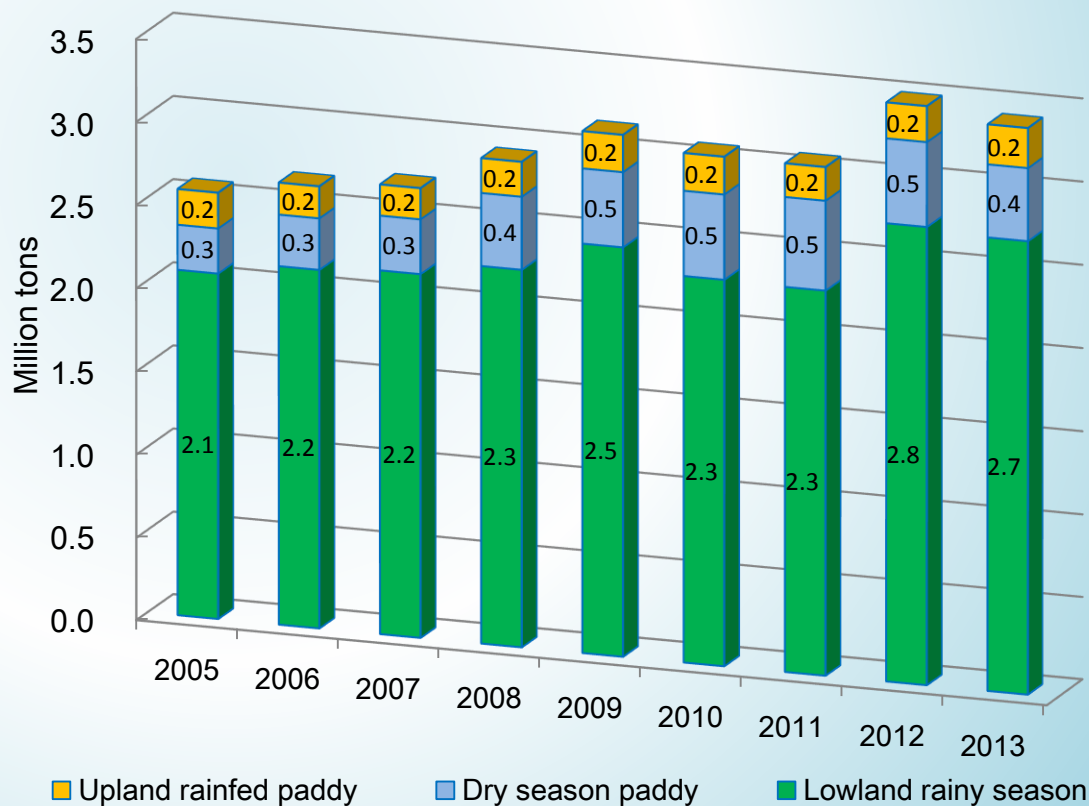
- Laos is **a rice producing country**

Planted areas of major crops

No.	Crop Items	Planted Area (ha)
1	Rice	939,100
2	Maize	188,825
3	Vegetables	144,735
4	Coffee	82,145
5	Starchy roots	65,995
6	Job's tear	47,160
7	Fruits	37,595
8	Peanuts	24,595
9	Sweet corn	23,205
10	Beans	14,755

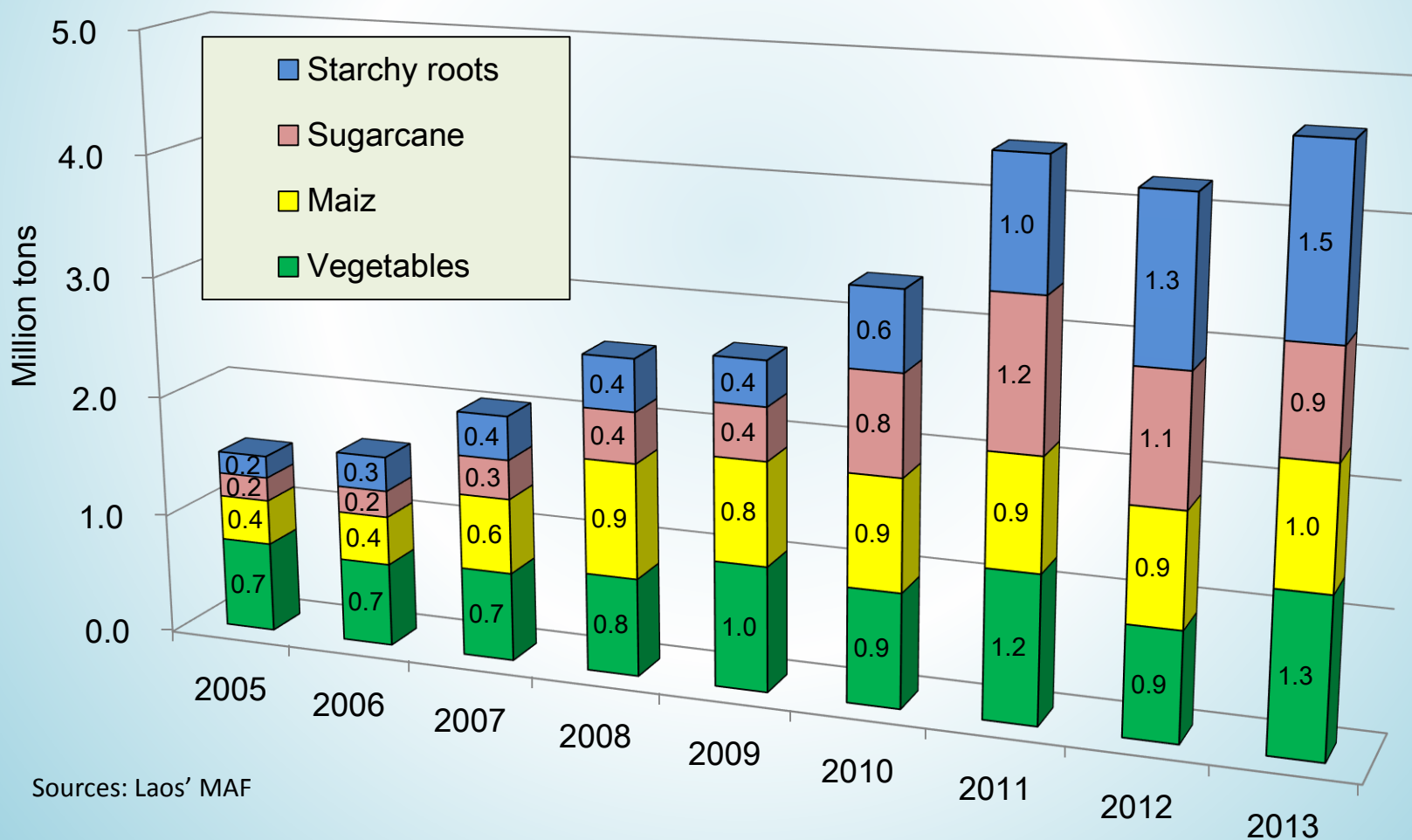
Sources: Laos' MAF

Rice production



Potential and Challenges of Agriculture in Laos

- Laos also produces **commercial crops**



Sources: Laos' MAF

Potential and Challenges of Agriculture in Laos

- Laotian farmers use **local and improved varieties**

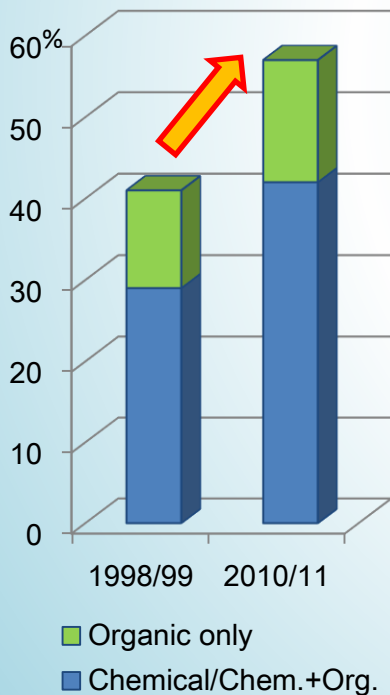
Types of rice	Types of variety	Commodity production areas	Food production areas
Non-sticky rice	Improved breeds	<ul style="list-style-type: none"> VTE450-1 DTK13 	
	Local varieties	<ul style="list-style-type: none"> Chao Hom Maly, Chao Hom Savanh, Chao Kam Hom 	<ul style="list-style-type: none"> Chao Na Chao Deng Chao Lao Soung
Sticky rice	Improved breeds	<ul style="list-style-type: none"> TDK8, TDK11 VTE450-2 PNGs TSNs 	<ul style="list-style-type: none"> TDK1-sub1 TDKs PNGs TSNs
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Potential and Challenges of Agriculture in Laos

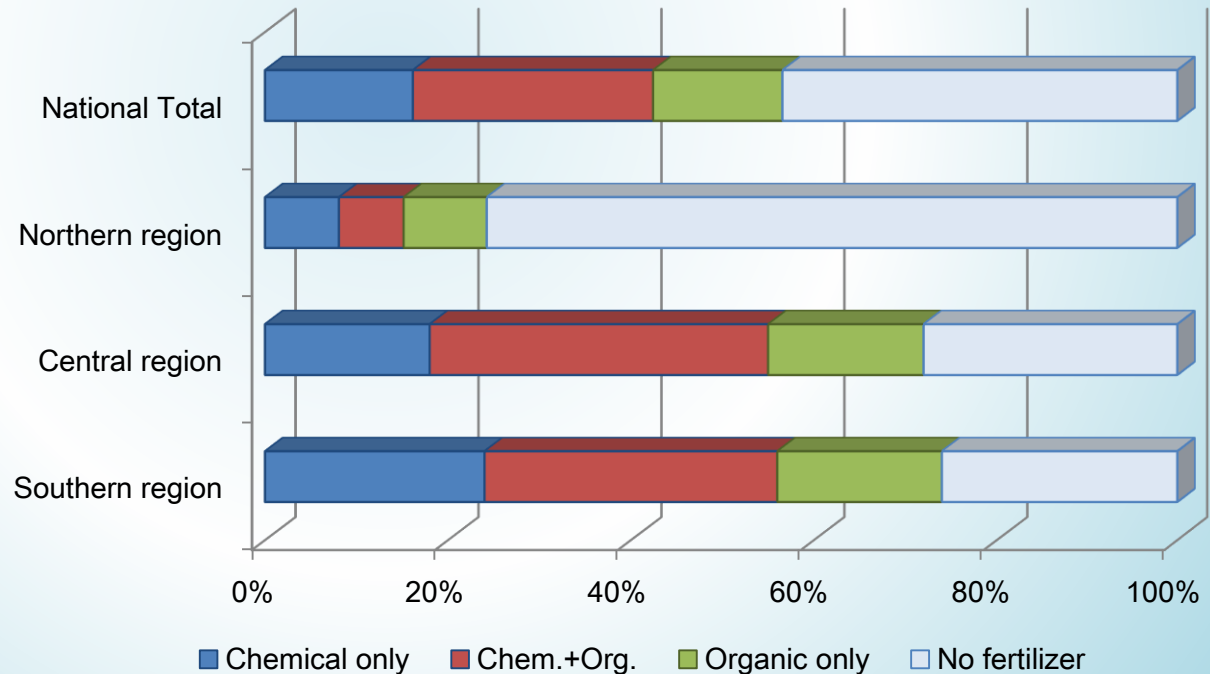
- Laotian farmers use **more inputs** but **still limited**

Temporary crop growers who used fertilizers

Fertilizer users
in 1998/99 and 2010/11



Fertilizer users by region (2010/11)



Potential and Challenges of Agriculture in Laos

- **Challenges** of Laos' agriculture
 - Small country with small population
 - Hilly and mountainous national land
 - Limited use of improved varieties
 - Limited use of inputs

Potential and Challenges of Agriculture in Laos

- **Potential** of Laos' agriculture
 - Small country with small population
 - Neighboring countries with big market potential**
 - Hilly and mountainous national land
 - Different climate areas, various genetic resources**
 - Limited use of improved varieties
 - Abundant traditional varieties/genetic resources**
 - Limited use of inputs
 - Possibility of organic agriculture**

Potential and Challenges of Agriculture in Laos

- **Large market potential** in neighboring countries

Country/Province	Population (million)	GDP (billion USD)	GDP per Capita (USD)
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Sources: IMF, Japan MOFA

Potential and Challenges of Agriculture in Laos

- Large neighboring countries

Possibility to gain markets

Good markets in size and purchase power

Agricultural production in Laos is small

→ No need of big market share

→ Niche markets would be good targets

~~Needs to~~ Can import necessary materials

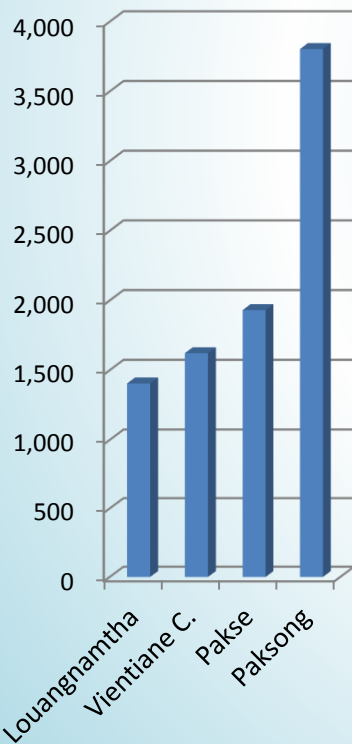
No need to produce everything domestically

No need to import from far countries

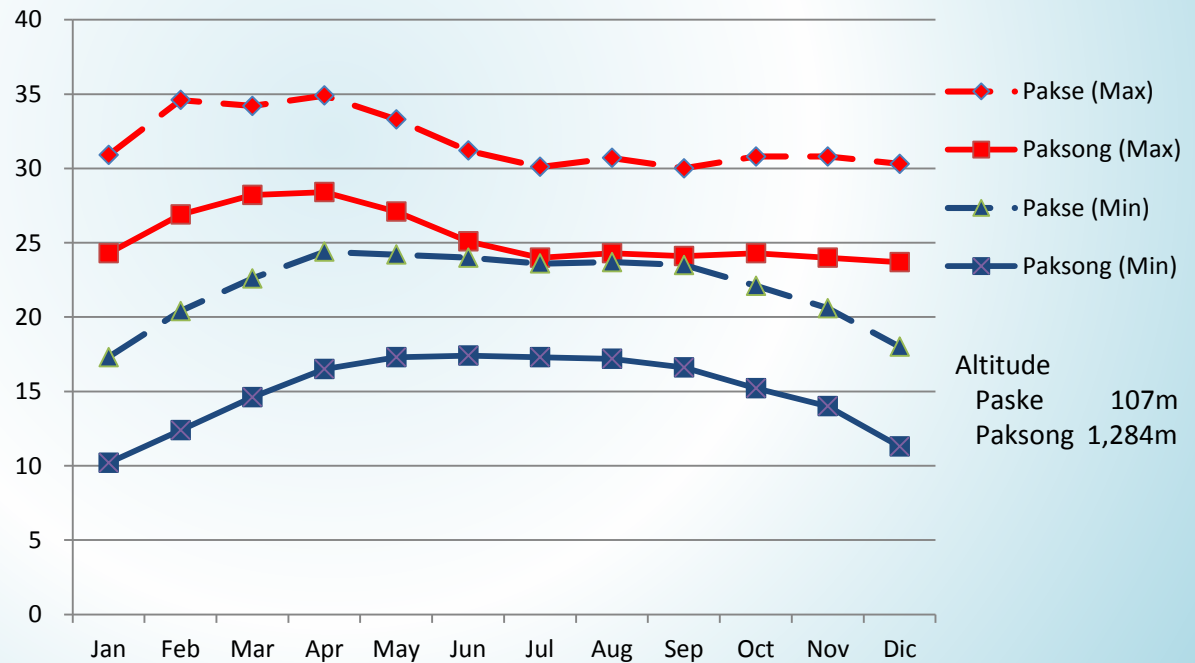
Potential and Challenges of Agriculture in Laos

- Different climate conditions

Precipitation (mm)



Temperature (°C)



Potential and Challenges of Agriculture in Laos

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Potential and Challenges of Agriculture in Laos

- Limited use of input so far
→ **Possibility** of **organic farming**

But

Confusion in interpretation

Kasikam insi (Laotian) ≠ organic

How to develop markets?

A separate problem...

Abuse of chemicals (in non-organic agriculture)

Potential and Challenges of Agri-business in Laos

- **Potential** of Laos' **agriculture**
 - Potential markets in neighboring countries
 - Various products from different climate areas
 - Abundant traditional varieties/genetic resources
 - Possibility of promoting organic agriculture

Potential and Challenges of Agri-business in Laos

- Large markets in neighboring countries

Potential: to gain high value markets

- No need to gain big share
- Niche markets would be a good target

Challenges: to Identify commodities and markets

- Quality control
 - Stable supply
- to improve logistics
- Cold chain

Potential and Challenges of Agri-business in Laos

- Various products from different climate areas

Potential: to develop unique products

- What are Laos-like products?

Challenges: to establish brand names

- Quality control
- Designing and packaging
- Consumers' interests and trust
- Funding (Private sector)

Potential and Challenges of Agri-business in Laos

- Abundant traditional varieties/genetic resources

Potential: to utilize indigenous genetic resource

Challenges: to Identify useful resources

- Food, medicine, cosmetics, etc.

to develop new plant varieties

- Fitting Lao climate
- With new functions
- Funding

Potential and Challenges of Agri-business in Laos

- Possibility of organic agriculture

Potential: to establish as an export commodity

Challenges: to strengthen certification system

- Certification at the international level
- to improve quality
- Production skill
 - Quality control
 - Funding



Thank you

